Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. Section 160(c) in the Minneapolis-St. Paul Minnesota Metropolitan Statistical Area.	WC Docket No. 07-97

Ex Parte Comments of

THE MINNESOTA ASSOCIATION OF COMMUNITY TELECOMMUNICATIONS ADMINISTRATORS ("MACTA")

INTRODUCTION

The Minnesota Association of Community Telecommunications Administrators ("MACTA") is a non-profit association representing 105 cities and 9 townships in Minnesota (hereinafter the "Cities").[1] The Cities respectfully submit these *ex parte* comments in the above-captioned petition of Qwest Corporation ("Qwest") with the Federal Communications Commission ("Commission") requesting forbearance from regulatory obligations in the Minneapolis/St. Paul Metropolitan Statistical Area ("MSP MSA"). The Cities urge the Commission to reject the petition because the forbearance Qwest seeks will significantly reduce telecommunications competition in the MSP MSA, negatively impact businesses operating in our cities, and is contrary to the public interest of our citizens.

[1] The Minnesota Association of Community Telecommunications Administrators ("MACTA") was formed in 1982 as a trade association supporting its member cities by providing educational, networking, and legislative/regulatory assistance in areas relating to cable television and telecommunications. Its members include cities, cable commissions, community cable TV

DISCUSSION

I. FORBEARANCE WILL SIGNIFICANTLY REDUCE TELECOMMUNICATIONS COMPETITION IN THE MINNEAPOLIS/ST. PAUL METROPOLITAN STATISTICAL AREA FOR BUSINESS AND GOVERNMENT CUSTOMERS.

Qwest and competitive local exchange carriers ("CLEC's") are the only providers of traditional wireline service to businesses and government institutions in the MSP MSA. Despite Qwest's claims of competition from cable and wireless companies, businesses and governments need the reliability, bandwidth and quality of service found in traditional wireline service. The vast majority of CLEC lines are still provisioned over Qwest owned facilities. As noted in the Minnesota Public Utilities Commission's ("MPUC") comments filed with the Commission, data indicate that less than 3 percent of commercial buildings in the MSP MSA are connected to CLEC-owned facilities, and only 0.3 percent of commercial buildings in the MSP MSA are connected to CLEC-owned fiber optic lines.[2] Therefore, the only meaningful competitive telecommunications alternatives to Qwest for businesses and municipalities are competitors who rely on Qwest-owned facilities to provide service.

Granting Qwest's forbearance petition would allow Qwest to raise the wholesale rates it charges CLECs for the facilities they need to provide business and municipal customers with competitive telecommunications options. As a result, there is a substantial risk that CLECs would find it economically infeasible to compete with Qwest in the business and government markets, thus reducing the number of providers available to business and government customers who can provide the services they need. At a

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facilities, and advisors working with these organizations - many of which operate in the Minneapolis/St. Paul Metropolitan Statistical Area.

[2] *Ex Parte Comments of the Minnesota Public Utilities Commission* at 6, WC Docket No. 07-97 (February 8, 2008)

minimum, it is likely that forbearance would lead to substantial retail rate increases resulting from the inevitable wholesale rate increases that would result from forbearance.

Cable and wireless companies in the MSP MSA are not meaningful competitive alternatives to Qwest. For example, cable and wireless services are largely dependent on the local electric grid, while traditional wireline services are less so. Critical government services such as emergency services need to be available when the power goes out, and traditional wireline service is still the only service that communities can rely on to meet that need. Businesses and governments also need the dedicated bandwidth and high voice quality that traditional wireline service provides. Cable's sharing of bandwidth and wireless' quality of service limit their ability to act as true replacements. From the standpoint of cost and available features, businesses and governments generally need to provision multiple lines with multiple numbers within a complex and feature-rich system. The cost per line of wireless makes it impractical as a line for line replacement of traditional wireline service, while cable does not have the depth of features businesses need. In these regards, cable and wireless can, at best, be a supplement to traditional wireline service rather than a complete replacement. As cable provider Comcast Corporation noted in their comments filed with the Commission, "Comcast has not, to date, made any significant or sustained entry into the business market and enterprise markets."[3]

Because of the limitations and availability of substitutes, and because the only real competitors for Qwest's traditional wireline services are competitors who depend on Qwest-owned facilities to provide service, forbearance would significantly reduce

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[3] *Comments of Comcast Corporation* at 6, WC Docket No. 07-97 (August 31, 2007)

telecommunications competition in the MSP MSA for business and government customers.

II. Forbearance Will Negatively Impact Businesses and Governments Operating In Our Cities.

In the aftermath of the Commission granting Qwest forbearance in the Omaha market, CLECs are required to pay substantially more for the facilities they lease from Qwest. This has caused McLeodUSA, one of the largest CLEC's in the Omaha market to declare that it will withdraw from the Omaha market unless the forbearance decision is modified. Importantly, McLeodUSA is a major competitor for business and government customers in the MSP MSA. Qwest's ability to raise prices for these facilities confirms its monopoly power both in terms of forcing competitors out of the market, and in terms of raising prices for customers. Granting Qwest's petition for forbearance in the MSP MSA would result in customers paying a monopoly toll to Qwest due to the lack of competition.

III. Forbearance is Inconsistent with the Public Interest of Our Citizens.

Qwest remains the primary, dominant provider of telecommunications services and facilities in the MSP MSA. Citizens, businesses, and governments of the Cities depend on meaningful competition to keep prices low and foster innovation in the telecommunications market. Granting Qwest's petition for forbearance would result in Qwest having little competition and little need to innovate, all the while collecting monopoly tolls that do not advance the public good. If the CLEC's are denied economic access to Qwest's facilities, then the Cities and their citizens will be left with far fewer, and in many cases, no competitive choices to meet their telecommunications needs.

Conclusion

The Cities believe that Qwest has failed to meet its burden under 47 U.S.C. 160(c) to demonstrate that the regulations it seeks to avoid through forbearance are unnecessary to ensure just, reasonable and non-discriminatory rates or to protect consumers. Qwest has certainly failed to meet its burden to demonstrate that the forbearance it seeks is consistent with the public interest. To the contrary, Qwest's forbearance would open the door to higher prices, possible discriminatory prices and consumer harm resulting from the loss of competitive choice. There is no credible basis for concluding that Qwest's petition would promote competition. Telecommunications service is essential to the provision of government services to citizens, and robust telecommunications competition has become critical to the economic vitality of the Cities. Granting Qwest's forbearance petition would clearly pose a substantial risk to the availability of competitive telecommunications choices in our communities. Accordingly, the Cities urge the Commission to reject Qwest's petition for forbearance.

Respectfully submitted,

MINNESOTA ASSOCIATION OF COMMUNITY TELECOMMUNICATIONS ADMINISTRATORS

By Sally Koenecke
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Dated: March 21, 2008